

**CARLSBAD TOURISM BUSINESS IMPROVEMENT DISTRICT
(CTBID) BOARD**

MINUTES

September 25, 2007

1:00 p.m.

**1635 Faraday Avenue, Room 173A
Carlsbad, CA**

I. CALL TO ORDER: 1:07 p.m.

Vice Chairperson Tim Stripe called the meeting to order at 1:07 p.m.

II. ROLL CALL:

The Vice Chair took roll call and six Directors were present. Director Shute was absent.

III. APPROVE MINUTES OF THE JUNE 5, 2007 MEETING

**IV. AB #09-07-22 – ACCEPT YEAR-END REPORTS FROM CARLSBAD
CONVENTION AND VISITORS BUREAU AND SAN DIEGO NORTH
CONVENTION AND VISITORS BUREAU**

Items III. and IV. are Consent items and are voted upon together.

General Counsel Ball referred to page 3 of the June 5, 2007 minutes under the Approve 2007-08 Annual Report item. He reminded the Board members of a request by Mr. Stripe that a tickler note be filed for November or December to remind the Board members to discuss whether or not they wish to continue the current course of if they wish to change the \$1 per room night assessment or consider other plans of action.

ACTION: Mr. Ball to return with outline of process to change assessment.

Mr. Cima made a motion, seconded by Mr. Canepa, to approve the minutes of the June 5, 2007 meeting and to approve the year-end reports submitted by both Bureaus.

**V. AB #09-07-23 – REQUEST FOR SUPPORT OF CARLSBAD MARATHON
FROM IN MOTION EVENTS**

Lynn Flanagan from In Motion Events stated that her company produces the annual Carlsbad Marathon which brings over 10,000 runners and walkers to

Carlsbad. These people fill area hotels and restaurants, enjoy the many attractions of the area, and many return to Carlsbad for future vacations. She described how the community benefits greatly from this event. She feels they could do more toward marketing if the budget were larger. She shared that In Motion is in the process of having an economic impact study done by Cal State San Marcos that will be completed in December.

Mr. Cima asked Ms. Flanagan to provide the results of the study, once it is complete, to the CTBID Board. Mr. Stripe said it would be helpful to see more analysis on how the money would be spent. Mr. Canepa added that the CTBID budget is small and the Board members would appreciate reviewing the suggestions of the study which may provide justification for future funding. The Board denied Ms. Flanagan's request for January 2008. She asked to be considered next year.

Mr. Stripe asked the Board members for comments on handling this request and for future requests. Mr. Vallas inquired if The Crossings at Carlsbad golf course has made arrangements with guests staying at the various local hotels. Mr. Elliott replied that ultimately arrangements will be made between Kemper Sports and the hotels for offering package deals to hotel guests.

ACTION: Invite Kemper Sports to a future meeting to describe golf package options and to explain their plan to work with the hotel properties.

Mr. Ball explained he spoke with Mr. Elliott regarding the issue of the difference between non-profit and for-profit entities. Public money has always been awarded to non-profit entities for scientific, educational and social endeavors. In Mr. Ball's research, he was unable to find a BID or a law that states there is a distinction of profit vs. non-profit. Other BIDs have standards or guidelines where people can apply for grants and how it aligns with the public purpose and how it benefits tourism. He anticipates future requests and the budget is scarce.

ACTION: Mr. Elliott stated that Mrs. Gerhardt is exploring how other BIDs are handling funding requests and will report her findings back to this Board.

Mr. Cima suggested that Mrs. Gerhardt contact the Greater Philadelphia Convention and Visitors Bureau. They have similar goals as Carlsbad's BID; however, their funding budget is greater.

VI. STAFF REPORT

Mrs. Gerhardt presented a staff report to update the Board members on financial activity that has transpired since the previous meeting. (The PowerPoint slide presentation is attached to these minutes.) She separated the hotel revenue

and time share revenue, per a request from the Board members at the last meeting. Assessment revenue collected by the hotels in July and remitted to the City in August was \$81,684. Occupancy rate for the first twelve months averaged 63%.

Mrs. Gerhardt highlighted Assessment Revenue for a 19-month period, comparing 2006 to 2007. 2007 revenue was about 4.2% above 2006.

Year End results for fiscal year 2006-07 showed revenues at \$757,878, which was slightly below budget. Total expenditures were \$570,846.

The 2007-08 Budget to Actual as of September 18, 2007 showed revenues of \$179,784. The total expenses budget is \$800,300 which includes money that was carried over from 2006-07 for the positioning study. Actual expenses as of September 18, 2007 were \$179,024. There is \$150,000 in the contingency fund.

Highlights include:

- ♦ CTBID Revenue last 12 months = \$763,000
- ♦ CTBID Revenue for YTD 2007 is tracking 4.2% higher than 2006
- ♦ Average occupancy rate is 62.5% for hotels with revenue for year of \$723,000
- ♦ Average timeshare CTBID revenues is \$3,300 per month
- ♦ Current year contingency = \$150,000
- ♦ Unbudgeted reserves = \$261,000

Mr. Canepa shared his appreciation for the in-depth report and the helpful information that was provided.

VII. DISCUSSION ITEMS

- 1) Report from the Wright Group and Destination Analysts, Inc. regarding the results of the positioning study.

Judith Wright and Abbey Stokes of the Wright Group provided their report relative to the positioning study and the research findings related thereto. They described their methodology, Carlsbad Brand attributes, Carlsbad positioning challenges, positioning criterion, and Carlsbad positioning Recommendations.

The following Recommendations were presented to the Board:

- ♦ Welcome to Carlsbad, The Friendliest Beach Town in California
- ♦ Discover Carlsbad's Genuine Relaxation
- ♦ Discover Carlsbad: It's Southern California, The Way It Should Be

An alternative recommendation was suggested:

- ◆ Discover The San Diego Beach Towns for A More Relaxed Southern California Experience

A Town Improvements section was discussed whereby the interviewees were asked what they would like to see change in Carlsbad. Several people didn't want anything to change. The Wright Group offered their suggestions:

- ◆ Create improvements that drive home Carlsbad's new positioning
- ◆ Identify another attraction that complements Legoland, that appeals to families with bright kids
- ◆ Continue to improve Carlsbad's websites, include live web cams of the beach, etc., and make sure hotels carry other Carlsbad activity suggestions
- ◆ Legoland website should link to Carlsbad and vice versa
- ◆ Develop other attractions that are unique to Carlsbad
- ◆ Create a booklet-sized visitor guide that is portable

Overall conclusions and recommendations were presented. The 3 Carlsbad positionings the Wright Group recommended to pursue and test are:

- ◆ A Friendly Place
- ◆ True Escape/Relaxation
- ◆ Southern California, The Way It Should Be

Mr. Cima stated this is fantastic, abstract data that adds depth to the Wright Group's work.

David Bratton of Destination Analysts presented the results of the on-line survey they performed as part of the positioning study. He shared the research goals, which were:

- ◆ Benchmark travelers' understanding of the Carlsbad tourism brand
- ◆ Determine (from the potential visitors' perspective) the most effective of the four Carlsbad messaging proposals developed by the Wright Group

Messages were very well received. The survey results suggest that "The Friendliest Beach Town" treatment has the best chance of success.

A review of the Message that was either “Appealing” or “Very Appealing” ranked as follows:

♦ The Friendliest Beach Town in California	85.9%
♦ Southern California, The Way It Should Be	80.6%
♦ Discover Carlsbad’s Genuine Relaxation	80.1%
♦ The San Diego Beach Towns	73.9%

Discussion ensued about the above 4 options. Board members liked that people think Carlsbad is a place to get away and relax, and that people (including hotel staff) are friendly with good energy.

Mr. Stripe asked Ms. Wright what the next step is, recognizing that the goal is more room nights at the hotels at higher rates. Ms. Wright said the best, most effective, and least expensive marketing tool is the Internet. Another option would be to target different travel publications to highlight Carlsbad. A web cam and blog are not expensive.

The Board members were asked to list their next step preferences, as follows:

ACTION:
NEXT STEPS

- ♦ Distribute both studies to all CTBID properties with a cover letter explaining what the two documents represent and ask them to carefully review and evaluate them. They should forward their comments to Mrs. Gerhardt. A reply deadline will be established. Explain that the CTBID Board is reviewing branding positioning concepts on Carlsbad as it relates to the hotel industry.
- ♦ Obtain feedback from both Bureaus
- ♦ An aerial photo of Carlsbad and topography verbiage should be included with final marketing materials. This will promote that Carlsbad is a central location to several activities
- ♦ Establish a campaign and engage the City to adopt the idea of being friendly

Mr. Cima suggested building a brand first, then telling people what Carlsbad represents, which should increase room nights.

Mr. Ball recommended protecting the name/brand so someone else doesn’t take it. His legal advice is to keep the ideas to themselves. The first step is to publicize the name and then to register it in order to have legal right to the name.

ACTION: Mr. Ball’s office will conduct a search to see if this name has been used elsewhere.

ACTION: Mr. Ball and Mr. Elliott will discuss the naming legal rights of Choice #1, The Friendliest Beach Town in California.

Discussion followed regarding the closed study session and who should participate. It was suggested that possibly the same group of people who attended the kickoff meeting with the Wright Group staff would be qualified.

ACTION: The sub-committee members will be chosen at the next meeting.

VIII. NEXT MEETING

The next regular meeting will be held on Tuesday, November 13, 2007, at 1:00 p.m. at 1635 Faraday Avenue, Room 173A. Ms. Wright indicated she can be available by phone.

Action: Agenda items may include:

- 1) Mr. Ball suggested the Board consider scheduling standing meetings once or twice a year;
- 2) discussion regarding whether or not the Board wishes to change the \$1 per room night assessment;
- 3) Board terms expire November 2007 for Mr. Vallas and Ms. Howard-Jones;
- 4) choose brand/name from positioning study suggestions;
- 5) invite Kemper Sports to a future meeting to describe group package options and explain their plan;
- 6) after December contact Lynn Flanagan of In Motion regarding the economic impact study;
- 7) report findings of how other BIDs are handling funding requests from non-profit organizations and for-profit entities;
- 8) choose sub-committee group to attend a closed study session to discuss multiple name possibilities.

ADJOURNMENT

Mr. Cima made a motion, seconded by Mr. Vallas, to adjourn the meeting. Vice Chair Tim Stripe adjourned the meeting at 3:35 p.m.

Respectfully submitted,

Sheryl Keller
Recording Secretary

Carlsbad Tourism Business Improvement District

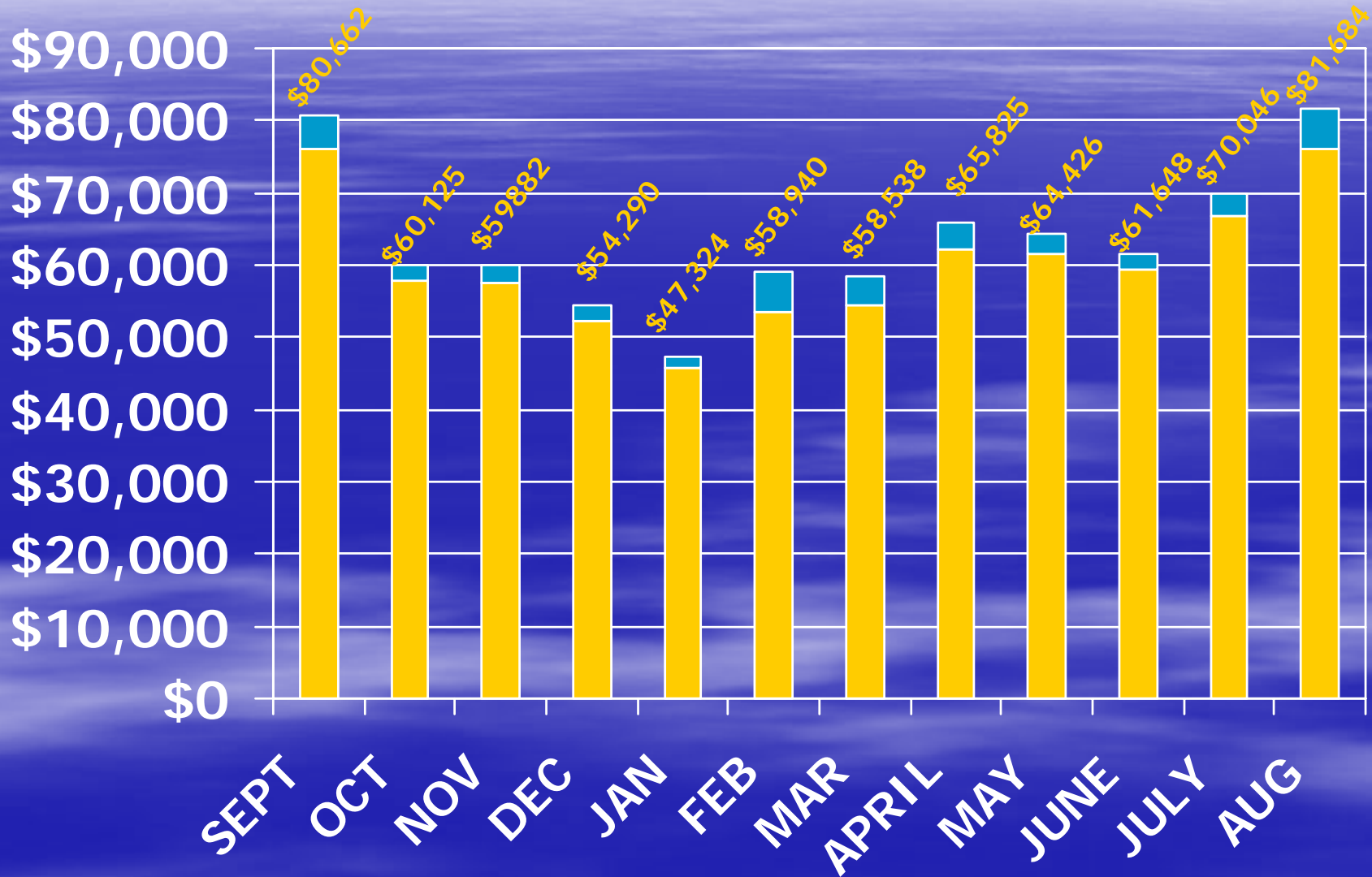
Financial Update

By: Cheryl Gerhardt

Sept 25, 2007

CTBID Assessment Revenue

12 month period

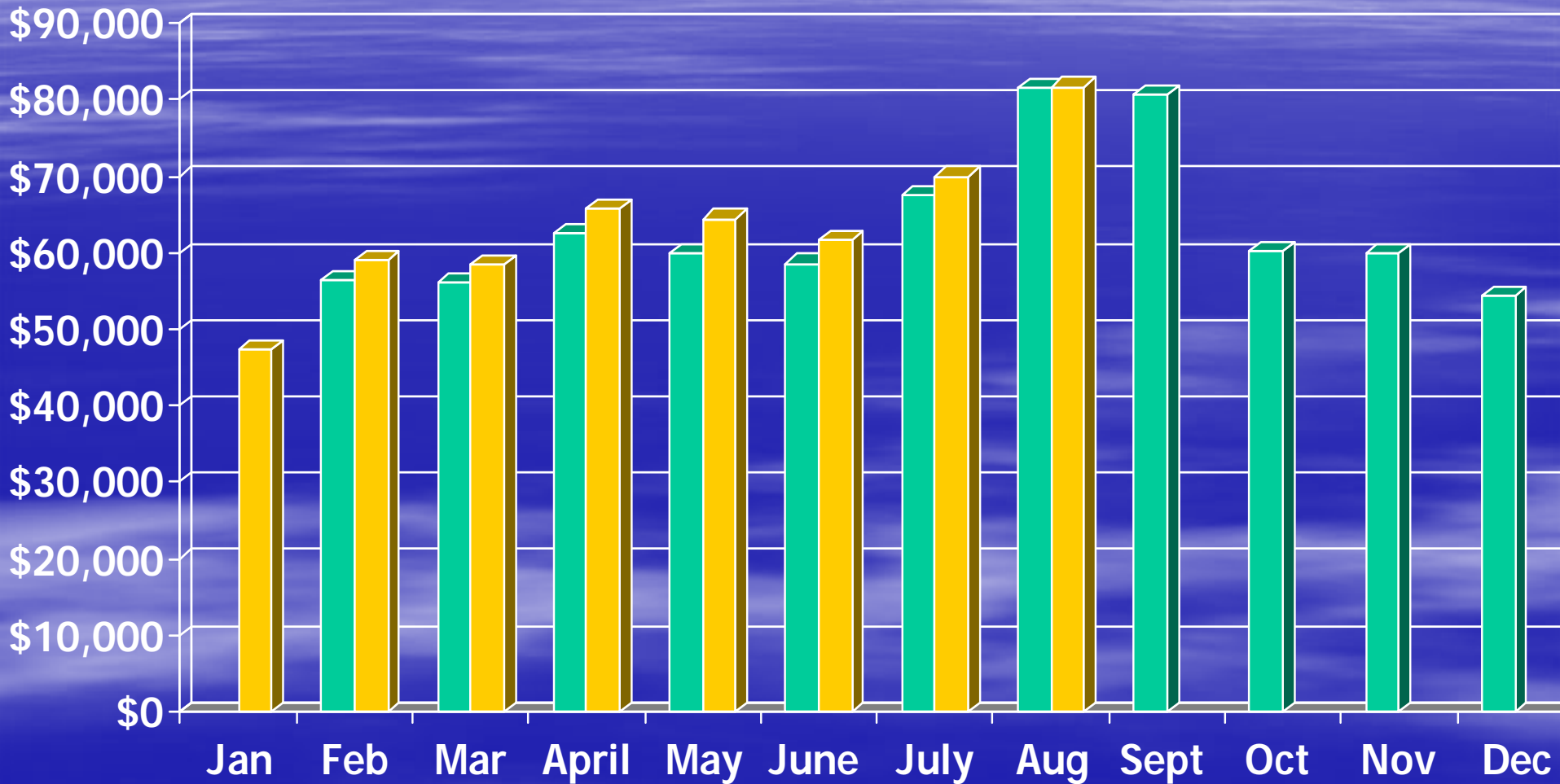


Month revenue remitted

Ave occupancy rate 63%

CTBID Assessment Revenue

19 month period



■ 2006 ■ 2007

Month revenue remitted

Ave occupancy rate 63%

2006-07 Year End Results

Program Areas	Budget	Actual 30-June-07	Difference
<u>Revenues:</u>			
CTBID Assessment	790,000	750,098	39,902
Interest Earnings	1,000	7,780	(6,780)
Total Estimated Revenues	791,000	757,878	33,122
<u>Expenditures:</u>			
2% Administrative Fee - City	15,800	13,934	1,866
CCVB Contract	408,000	408,000	0
SDNCVB Contract	100,000	100,000	0
Staff support	15,000	14,912	88
Positioning Study	95,000	34,000	61,000
Contingency	73,205	0	73,205
Total Expenses	707,005	570,846	136,159

2007-08 Budget to Actual

Program Areas	Budget	Actual 18-Sept-07	Difference
<u>Revenues:</u>			
CTBID Assessment	775,000	176,175	39,902
Interest Earnings	5,000	3,619	(6,780)
Total Estimated Revenues	780,000	179,784	33,122
<u>Expenditures:</u>			
2% Administrative Fee - City	15,500	3,274	12,226
CCVB Contract	448,800	112,200	336,600
SDNCVB Contract	110,000	27,500	82,500
Staff support	15,000	1,148	13,852
Positioning Study	61,000	33,902	27,098
Contingency	150,000	0	150,000
Total Expenses	800,300	178,024	622,276

Financial Highlights

- CTBID Revenue last 12 months \$763K
- CTBID Revenue for YTD 2007 is tracking 4.2% higher than 2006
- Average occupancy rate 62.5% for hotels with revenue for year of \$723K
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- Current year contingency \$150,000
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